

UBP's Private Banking Head Arlene Agustin on Positioning for Rapid Growth Ahead in the Philippines

Arlene Joan T. Agustin is Head of the Private Banking Group at UnionBank of the Philippines in Manila. She sat as one of our experts at the first panel discussion of the March 31 live Hubbis conference event focused on the Philippines' wealth management market. We have distilled her insights in this short report.



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Arlene Joan T. Agustin
UBP Private Banking

Arlene told delegates that after the disruption of the pandemic there is now the crisis in Eastern Europe, causing great uncertainty. “But our clients have been very resilient,” she reported. “The local investors remain optimistic and continue to look for opportunities to diversify their portfolios, making sure that, even if they are willing to take in more risk, they remain highly liquid. Their investment decisions take into consideration a balanced long-term outlook.”

She explained that private bankers need to be agile and to keep delivering capabilities and sound advice through all their ups and downs. “What was important during the worst of the COVID crisis was really the engagement, ensuring we remain in touch with our clients; listening to them, helping them navigate the disruption that was caused by that crisis.” she explained. “We had to help them think through a lot of things in terms of their portfolios like the way they view things and their different concerns to secure their family’s interests.”

She told delegates UBP Private Banking had conducted a study to

“feel the pulse” of their clients. “We found out that there are four facets our clients are very interested in –family services, digital innovation, sustainability, and the impact of the Ukraine crisis. Overall, they are currently looking at protection and hedging.” she reported.

UBP Private Banking has a strategic alliance with Swiss private bank, Lombard Odier, and does a lot of work in estate and legacy planning. “Together with Lombard Odier, we surveyed many High-Net-Worth Individuals in the past year for two studies, not just Filipino investors, but across Asia where they have other alliances. The results showed clearly that there is more reliance among investors, especially the

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Filipinos, on their private bankers. And with that reliance comes the trust. To obtain and retain that trust, we need top quality people, not just in terms of what they know on advisory, but their product knowledge, their awareness of markets, and their connectivity with clients are among the important attributes of a good private banker.”

She explained that the studies, and their own experience, have underscored the growing interest in discretionary mandates, or a combination of discretionary and advisory. “We are on our way

to strengthening our role in our customer’s wealth management journey” she said, “we are heading in the right direction. Right now, local Filipino investors will really rely heavily on their Relationship Managers for advisory, and the next stage is to win more Discretionary Portfolio Mandate business.”

Arlene referred to the survey, noting that local clients are especially interested in the need for services and advice around family governance, perhaps a family constitution, estate, and succession planning, and in general, robust structures that will allow them to preserve wealth and transition wealth amongst their family generations.

“The pandemic has reinforced the fragility of life and focused hearts and minds on the need for wealth and generational transfer and for robust succession planning” she reported. “Many had already been thinking of these things and a big portion of those are already being put into action, so we have focused heavily on really helping the next generations of our clients.”

She told delegates that UBP Private Banking had created their Next Gen Academy initially as a three-day session, where they invited the second generation and clients’

appointed family members who would eventually run the family businesses and assets, making them aware of how to invest more professionally. “Of course, it’s not just basic investments,” she explained. “We went a notch higher; we gave them intermediate and advanced investment techniques.”

And in the curriculum, UBP included topics on family constitutions, governance, and how they are going to put this into action. “This is an emotive area; intense feelings

are elicited from the next gen because of the high expectations from the first generation and their level of preparedness in taking the leadership role in the family business, it involves balancing between corporate practices, and family values and practices.”

On the third day, UBP invited some distinguished and successful next gens who are already running their family businesses, to share their experiences. “This resonated with

our invitees, and really helped them focus on the future.”

She closed her observations by remarking that talent retention is particularly important for the private banks. “When Relationship Managers move, the clients might often move too,” she said. “However, first and foremost, it is the reputation of the institution that matters most to customers, so we need to ensure we retain and build our trust and reputation and brand.” ■

